NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/27): BUTTER: Grade AA closed at $1.1425. The weekly average for Grade AA is $1.1425 (-.0008).

CHEESE: Barrels closed at $1.0000 and blocks at $1.0200. The weekly average for barrels is $1.0000 (N.C.) and blocks, $1.0200 (-.0195).

NONFAT DRY MILK: Extra Grade and Grade A closed at $1.0300. The weekly average for Extra Grade is $1.0300 (N.C.) and Grade A, $1.0300 (N.C.).

BUTTER: Butter prices and the market tone are basically steady. Churning activity across the country ranges from light to moderate. With cheese prices as low as they are, manufacturers that have options are moving milk into butter/powder plants and out of cheese operations. Fresh butter is being readily absorbed and frozen is being used to fill in the fresh shortfall. Demand is reported as seasonally strong. Promotional activity at the retail level continues to develop for the upcoming Thanksgiving and year-end holidays.

CHEESE: The cheese market is unsettled. The spread between current cash prices at the CME and support prices continues to exceed the probable associated cost of sales to CCC. Under the price support program, CCC purchased 316,800 pounds of process from a Midwestern operation during the week of October 23 - 27. Industry sources anticipate that the volumes offered to CCC will increase in upcoming weeks. Natural chunk and shred interest is seasonally good, with some overtime needed to help fill orders. Process sales are generally best for food service accounts. Ample offerings of current and aged cheddar are available. Cheese production remains seasonally heavy due to milk volumes and increasing yields.

FLUID MILK: Weatherconditions across the country have been seasonally favorable and milk cows are generally under very little stress. Milk production patterns are typical for this time of the year. In the Northeast, milk output is steady to slightly lower while increasing slowly in the Southeast, including the Gulf Coast states. In the midsection of the U.S., production is holding seasonally steady. Rainfall over the weekend and early in the week in New Mexico is affecting milk output. The extent is not yet known, but volumes are expected to be lower. California continues to experience good, steady production patterns. In the Northwest, milk output is showing signs of slight rebounding with output in the Mountain States reported as seasonally strong. Many areas of the country are reporting an increasing number of dairy farm dispersals. With most of these dispersals, the milking herd is being absorbed into other herds with few animals being slaughtered. Cream markets are steady to firm. Cream offerings range from lighter to heavier. Demand for cream is mixed. Ice cream production continues to edge lower seasonally. Production of cream based dairy products for the upcoming holidays has not increased greatly. Churning activity is seasonally steady, depending on cream availability.

DRY PRODUCTS: Nonfat dry milk markets range from weak to firm depending on drying patterns across the country. In the East, surplus milk volumes are limited, thus production is lighter than demand requires. Stocks are being secured from Western producers to satisfy Eastern needs. Production is seasonally steady in the Midwest and West which exceeds demand with clearances continuing to CCC. Whey markets are steady to firm. Recent low cheese prices are causing some cheese manufacturers, where possible, to divert milk away from cheese, thus further tightening already limited whey stocks. Buttermilk powder markets are steady to firm. For the most part, stocks are in close balance to short with most buttermilk clearing in the condensed form at this time.

CCC: During the week of October 23 - 27, CCC purchased 6,859,178 pounds of nonfortified NDM from the West and Midwest. They also purchased 1,953,178 pounds of Western fortified NDM. During the week, they reported cancellations of previously offered Western nonfortified totaling 347,214 pounds. Also, 316,800 pounds of process cheese was purchased from the Midwest.

COLD STORAGE (NASS): U.S. cold storage holdings of butter on September 30, 2000, total 84.8 million pounds, 18.7% more than September of last year, but 16.2% lighter than last month. Natural American cheese holdings total 557.6 million pounds 5.9% less than last month, but 17.7% heavier than September 1999.

DAIRY FARMER ASSISTANCE (USDA): Responding to persistent and historically low milk prices, on October 24, Agriculture Secretary Dan Glickman told America's dairy farmers that significant new assistance is on the way. Glickman said the agriculture appropriations bill that President Clinton is expected to sign provides an estimated $667 million to help dairy farmers cope with the low milk prices, which have declined for three consecutive years, and are now at their lowest level since 1991. About 80,000 dairy farmers across the country will receive an average of $8,300 each. The maximum payment per farmer will be capped at $25,000. Overall, USDA expects to distribute more than twice as much dairy market loss assistance this year as it has in the last two years combined. Also included in the bill is an extension of the dairy price support program through 2001.

In addition, Glickman announced a major expansion of USDA's Dairy Options Pilot Program. This innovative cost-share program helps dairy farmers put a "floor" under the price they receive for milk using the futures and options markets. USDA subsidizes both premiums and brokerage fees for participating dairy farmers. USDA will spend about $24 million over the next two years expanding this program, but the innovative approach used will allow dairy farmers to leverage significantly more protection against price drops. The program, currently operating in 61 counties, will expand to 300 counties in 39 states. A full list of participating counties is available on the web at http://www.usda.gov/news/releases/2000/10/0372.pdf

CONSUMER PRICE INDEX (BLS): The September 2000 CPI for all food is 168.9, up 2.6% from September 1999. The dairy products index at 161.6, is up 1.8% from last year. The following are the September to September changes for selected products: fresh whole milk, +3.9%; cheese, -1.0%; and butter, -5.5%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during June - August 2000 totals 43.3 billion pounds, up 1.4% from the same period in 1999. Comparing disappearance levels with year earlier levels: butter, -0.2%; American cheese, -4.0%; other cheese, +5.5%; nonfat dry milk, +18.9%; and fluid milk products, -0.9%.

****SPECIALS THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE
CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY OCTOBER 23	TUESDAY OCTOBER 24	WEDNESDAY OCTOBER 25	THURSDAY OCTOBER 26	FRIDAY OCTOBER 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.0000 (N.C.)	$1.0000 (N.C.)	$1.0000 (N.C.)	$1.0000 (N.C.)	$1.0000 (N.C.)	N.C.	$1.0000 (N.C.)
40# BLOCKS	$1.0200 (N.C.)	$1.0200 (N.C.)	$1.0200 (N.C.)	$1.0200 (N.C.)	$1.0200 (N.C.)	N.C.	$1.0200 (-.0195)
NONFAT DRY MILK							
EXTRA GRADE	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	N.C.	$1.0300 (N.C.)
GRADE A	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	$1.0300 (N.C.)	N.C.	$1.0300 (N.C.)
BUTTER							
GRADE AA	$1.1425 (+.0025)	-----	$1.1425 (N.C.)	-----	$1.1425 (N.C.)	+.0025	$1.1425 (-.0008)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 23, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 5 CARS BARRELS: 3 @ $1.0000, 2 @ $0.9800; 1 CAR 40# BLOCKS @ $1.0000; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ $1.0200, 1 @ $1.0600; 1 CAR 40# BLOCKS @ $1.0400
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 8 CARS: 2 @ $1.1375, 3 @ $1.1400, 1 @ $1.1375, 1 @ $1.1400, 1 @ $1.1425; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS: 1 @ $1.1450, 1 @ $1.1500, 1 @ $1.1550, 1 @ $1.1575

TUESDAY, OCTOBER 24, 2000

CHEESE -- SALES: 17 CARS BARRELS: 1 @ $1.0150, 1 @ $1.0175, 2 @ $1.0200, 1 @ $1.0150, 3 @ $1.0100, 2 @ $1.0050, 1 @ $1.0025, 1 @ $1.0000, 1 @ $1.0050, 1 @ $1.0025, 1 @ $1.0000, 1 @ $1.0050, 1 @ $1.0000; 3 CARS 40# BLOCKS: 1 @ $1.0200, 1 @ $1.0250, 1 @ $1.0300; BIDS UNFILLED: 1 CAR BARRELS @ $1.0000; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ $1.0100, 1 @ $1.0600; 2 CARS 40# BLOCKS: 1 @ $1.0200, 1 @ $1.0400
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 25, 2000

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ $1.0000; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.0300, 1 @ $1.0400
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 1 CAR @ $1.1400; BIDS UNFILLED: 1 CAR @ $1.1425; OFFERS UNCOVERED: 4 CARS: 1 @ $1.1500, 1 @ $1.1550, 1 @ $1.1575, 1 @ $1.1675

THURSDAY, OCTOBER 26, 2000

CHEESE -- SALES: 1 CAR 40# BLOCKS @ $1.0300; BIDS UNFILLED: 2 CARS BARRELS: 1 @ $1.0000, 1 @ $0.9950; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.0200, 1 @ $1.0300
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 27, 2000

CHEESE -- SALES: 2 CARS BARRELS: 1 @ $1.0025, 1 @ $1.0000; BIDS UNFILLED: 2 CARS BARRELS @ $1.0000; OFFERS UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER -- SALES: 1 CAR @ $1.1425; BIDS UNFILLED: 1 CAR @ $1.1300; OFFERS UNCOVERED: 3 CARS: 1 @ $1.1500, 1 @ $1.1550, 1 @ $1.1600

BUTTER MARKETS

SEPTEMBER MONTHLY COLD STORAGE

According to NASS, September month-end cold storage figures for butter total 84.8 million pounds, 18.7% more than last year, but 16.2% lower than the revised August 2000 holdings total.

NORTHEAST

The market tone is basically steady. Bulk butter at the CME has traded in a narrow range for the past 8-9 trading sessions. Churning is light to moderate. Producers are filling print needs with a combination of fresh and frozen butter. Microfixing is common as suppliers fill print orders with both frozen and Western bulk butter. Butter availability is not a problem, but local producers continue to reach outside the region to find bulk. Retail and food service sales are mostly steady. Sales of bulk butter, f.o.b. East, are reported in a range of 2.5 - 6 cents over the CME price/ average.

CENTRAL

Butter prices remain basically unchanged. Producers and handlers continue to feel that the cash price will remain in a narrow range as the year end holidays approach. Current churning activity is reported to be seasonally quite good, although not sufficient to meet strong fresh butter demand. Cream offerings to local butter operations are sufficient to maintain steady production schedules, although lighter than desired. Butter producers continue to feel that they will have sufficient butter stocks, along with projected production during the next two months, to meet year end needs. Retail orders are seasonally active. Retailers are reporting that favorable prices are already attracting good sales and project feature activity to only enhance already good demand. Promotional activity continues to be developed for the upcoming Thanksgiving and year end holidays. Food service orders are equally as strong.

WEST

Demand for butter remains excellent. Cold storage stocks continue to decline even with heavy milk and butter production. Fresh butter is being readily absorbed and frozen is being used to fill in the fresh shortfall. Butter is leaving the West on a regular basis to meet demand in other regions of the country. Cream demand is fair to good seasonally with more being left for the churns. With cheese prices as low as they are, manufacturers that have any options are moving milk into butter/powder plants and out of cheese operations. CME weekly butter cold storage numbers continue to decline. In the last four weeks stocks declined 15.85 million pounds, compared to 6.45 million pounds last year. Stocks now stand at 41.98 million pounds, compared to 40.96 million pounds last year. Current prices for bulk butter range from 4 1/2 cents under to flat market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 39% MOISTURE	NDM	BUTTER	DRY WHEY
OCTOBER 21	1.1126 5,396,046	1.0096 8,124,744	1.0087 14,494,781	1.1118 3,487,371	0.1805 9,705,580

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Prices are mixed and the market tone is weak. At the CME, prices for both barrels and blocks are holding 8-10 cents under the support purchase price for those respective items. There is much speculation regarding how long prices will remain this far below support and when cheese will start to go to CCC. Eastern cheese makers and distributors doubt that any Eastern produced cheese will be offered under the support program. Output in the East is steady to lighter. Contacts note that some cheese plants are cutting back on their operating schedules to move their milk to other outlets. Cheese stocks are fairly well balanced in the East. Cheddar makers, taking advantage of the current low prices, are putting quite a bit into aging programs. Demand for cheddar is not too bad and mozzarella orders are termed as good. At current prices, some mozzarella buyers are looking to stock up for fourth quarter needs and not always successful. Retail and food service orders are mostly steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.0800-1.5475
Cheddar Single Daisies	:	1.0375-1.4975
Cheddar 40# Block	:	1.1800-1.3575
Process 5# Loaf	:	1.2100-1.3850
Process 5# Sliced	:	1.2300-1.4875
Muenster	:	1.2400-1.4475
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled. Current cash cheddar prices at the Chicago Mercantile Exchange continue well below CCC support prices and likely exceed any additional costs associated with sales to CCC. Traders are expecting natural and/or process cheese purchases by CCC to occur any day now. Commercial non-cheddar natural sales are generally the strongest, generally good. Cutters are using limited amounts of overtime to fill orders. Cheddar sales are being affected by low-ball offering prices from Western sources. Food service process sales remain fairly steady to year round accounts, with retail typically fair at best. Some producers are again looking/using alternative methods of pricing non-cheddar varieties, using higher base prices. Cheese yields are increasing seasonally as fat and protein tests rebound from summer lows. Since most buyers are using the "buyer's trier," significant volumes of undergrades are available at greatly reduced prices.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2000-1.6000
Brick And/Or Muenster 5#	:	1.5950-1.6300
Cheddar 40# Block	:	1.4050-2.1150
Monterey Jack 10#	:	1.6225-2.1150
Blue 5#	:	1.7400-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 23 - 27, 2000
BARRELS*	:	$1.0000 - 1.0150 (NOMINAL)
	:	($.0025) (.0025)
40# BLOCKS	:	$1.0200 - 1.0900 (NOMINAL)
	:	(-$.0225) (-.0100)

( ) Change from previous week. * If steel, barrel returned.

WEST

Western cheese prices are somewhat mixed this week though the undertone remains weak. Contacts are surprised that cheese hasn't started to move to the government. They assume it is just a timing issue and offerings will start soon. Buying activity remains generally light. Buyers are in no hurry to stock extra cheese at this time. They don't think the market will move much lower, but they also don't see much chance of price increases in the short run. Undergrades continue to find better demand based on the price differentials. Natural American cheese stocks at the end of September stand at 557.6 million pounds, down 5.9% from last month but up 17.7% from last year. Other natural cheese stocks are only 1.8% ahead of last year. Most of the cheese in this category is Italian type cheese and partially explains why that market is as tight as it is. Swiss cheese stocks stand at 7.9 million pounds, down 24.4% from last year. Producers expect an excellent fall sales season for Swiss cheese.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.1525-1.4125
Cheddar 40# Block	:	1.1650-1.3050
Cheddar 10# Cuts	:	1.3450-1.5650
Monterey Jack 10#	:	1.3550-1.5150
Grade A Swiss Cuts 6 - 9#	:	2.3000-2.5400

FOREIGN

Prices are unchanged to lower and the market tone is unchanged. The current low prices for U.S. produced cheese are having an impact on the sales of some imported cheeses. At retail, pricing is a prime factor in purchasing decisions. Historically, when retail prices of imported and domestic cheese are nearly equal, the customer usually decides on flavor, whichever brand or country of origin that happens to be. Stocks of imported cheese are fully adequate for current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK		
VARIETY	:	IMPORTED	:	DOMESTIC
Roquefort	:	TFEWR	:	-0-
Blue	:	2.6400-3.1400	:	1.3825-2.8775*
Gorgonzola	:	3.2400-5.9400	:	1.9375-2.4900*
Parmesan (Italy)	:	TFEWR	:	2.7975-2.8225*
Romano (Italy)	:	2.1000-2.5400	:	-0-
Provolone (Italy)	:	3.4400-5.5000	:	1.3900-1.6675*
Romano (Cows Milk)	:	-0-	:	2.5725-4.7475*
Sardo Romano (Argentine)	:	2.6500-3.2900	:	-0-
Reggianito (Argentine)	:	2.6500-3.2900	:	-0-
Jarlsberg-(Brand)	:	2.7400-3.3100	:	-0-
Swiss Cuts Switzerland	:	-0-	:	2.3500-2.5500
Swiss Cuts Finnish	:	2.5900-2.8500	:	-0-
Swiss Cuts Austrian	:	2.2500-2.7500	:	-0-
Edam	:		:	
2 Pound	:	TFEWR	:	-0-
4 Pound	:	2.1900-3.0900	:	-0-
Gouda, Large	:	2.3900-3.1500	:	-0-
Gouda, Baby ($/Dozen)	:		:	
10 Ounce	:	27.8000-31.7000	:	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
10/23/00	16,017	:	139,169
10/01/00	18,028	:	142,438
CHANGE	-2,011	:	-3,269
% CHANGE	-11	:	-2

FLUID MILK AND CREAM

EAST

Milk production is following seasonal patterns. It is increasing slowly in much of the Southeast and steady to slightly lower in the Northeast. Some New England contacts feel that the milk flow may be at or near the low point in its annual cycle. Reports of farmers getting out of the business continue with some regularity. The cattle at most dispersals are moving to other farms both locally and to other regions. Milk production is coming up in Florida, Texas and other Gulf Coast states. Cooler weather, a good rye grass crop, and some much needed rain are helping increase the milk flow. The increasing milk production coupled with slower, just fair, bottled milk sales has created a lighter need for milk to be imported this week. Florida handlers canceled all but 4 loads this week. This compares to 102 last week and 175 loads last year. Handlers in other Southeastern states brought 89 loads in from two Northern states. This compares to 99 loads last week and 35 a year ago. Overall, bottled milk sales throughout the region were termed as lackluster. This did provide some extra surplus milk for manufacturing, but most contacts still term milk supplies as tight. Most regional manufacturing plants are operating on reduced schedules. The continued good demand for condensed skim is keeping drying to a minimum. Prices for wet solids are unchanged from last week. Supplies are light and some suppliers are only able to meet regular account or contracted volumes. The fluid cream market is mixed, but slightly firmer than last week. Offerings range from heavier to lighter. Those suppliers with improved spot sales have less cream to clear to churns which lends a firmer tone to the market. Conversely, buyers report getting more calls offering them cream which points to a weaker market tone. Cream prices are often higher as the CME average prices for butter rose fractionally last week and multiples for Class II cream were up slightly this week. Ice cream output is mixed, ranging slower to heavier. Some producers are cutting back seasonally while others seem to be taking advantage of the relatively low fat costs. (Some feel that butter prices may not move much lower through November.) A few UHT plant contacts are talking about putting up some egg nog, but that may be a week or two away for other producers. Churning activity is steady and moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT		
F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4863-1.6006
DELIVERED EQUIVALENT ATLANTA	-	1.4749-1.6006 M 1.5206-1.5435
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5092-1.5892
PRICES OF CONDENSED SKIM, $ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0700-1.1500
NORTHEAST- CLASS III - SPOT PRICES	-	.8900-1.0100

MIDWEST

SPOT SHIPMENTS:	LOADS
OCTOBER 20 - 26, 2000	21
PREVIOUS WEEK	21
COMPARABLE WEEK IN 1999	34

DESTINATIONS: TENNESSEE 21

Class I demand is relatively steady with the normal fluctuations caused by promotions in some markets. State teachers' convention in Wisconsin is affecting school milk needs late in the week. A total of 28 loads of Wisconsin milk are direct shipped to Missouri, and 12 to Kentucky and pooled under other federal orders. Milk shipments into parts of the South from Minnesota and Michigan are continuing but numbers are trending lower. Manufacturing milk demand is often lighter with spot prices, on a light test, from $1.75 to 2.25 over Class. Reports indicate that a number of cheese plant operators, mainly on non cheddar varieties, are trying to use a higher base price for their cheese sales as a way of keeping their patron/member milk prices higher. Cream demand is steady to improved, aided by the weather. Cream cheese production is strong and some ice cream/novelty items are keeping producers still on active schedules. Cream prices generally reflect changes in cash butter prices at the Chicago Mercantile Exchange. Unseasonably warm temperatures through most of the upper tier of states has done little to stress cows and allowed some producers to keep cows out of the barn longer than expected. Some pasturing is still available to grazers. Milk intakes are little changed week to week. Feed is readily available with prices continuing low. The fall harvest continues, especially in Wisconsin where corn was not as dry early as some nearby states. Notices for a seasonally high number of dairy producer sellouts are continuing in some farm papers.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	$ 34.00- 40.00	$ 34.00- 39.00
REPLACEMENT HEIFER CALVES	$340.00-390.00	$250.00-345.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	$ 32.50- 44.25	$ 30.00- 42.00

WEST

September pool receipts of milk in California total 2.541 billion pounds, 3.9% higher than last year. Cumulative pool output through nine months of 2000 totals 23.734 billion pounds (unadjusted for extra day in February 2000), up 7.1% from the comparable period in 1999. The September blend price, at a fat test of 3.65%, is $12.10, 39 cents higher than August. The percentage of receipts used in Class 1 products is 21.25%. The September quota price is $13.31 and the base and overbase prices are $11.61. These prices are 29 cents higher than last month but $2.01 lower than September 1999. Milk production is holding mostly steady across most of California. Weather conditions have been favorable seasonally and milk cows are generally under very little stress. There remain good offerings of affordable feedstuffs in the state. The expectations of milk prices dropping are leading to more speculation on what is happening and will happen with milk production in the state. Questions are being raised like: will lower milk prices cause changes to lower priced or reduced rations and will the use of Bst slow as profitability declines? Answers will develop as time progresses and the extent that milk prices decline is realized. Western cream multiples are holding mostly steady in the 117 to 129 FOB range. Demand for cream is fair to good with production increases in holiday items noted. Surpluses continue to clear into churning operations. Milk production is being affected by rainfall over the weekend and early in the week in several of the milk producing pockets in central and eastern New Mexico. The extent is not yet being realized, but volumes are expected to be lower. Very moderate weather conditions continue across the Pacific Northwest. Some producers are noting that milk is rebounding after being down about 5 pounds earlier this fall. Many believe that the decline was related to the very dry nature of this year's hay crop. While the hay tested very high, it was not very palatable. The cows were not eating as much of it as was estimated so that rations needed to be reformulated. Also related to the hay markets, hay growers are much less willing to provide short term financing to their buyers. They are suggesting that buyers need to find their own financing this year. The issues are that hay growers are concerned that buyers will not be able to pay for the hay and demand is strong enough that they can be choosey on whom they sell to. The number of producers exiting the kilk production industry is accelerating quite rapidly in the West. Some contacts report that three weeks ago they didn't know of any exits and now they are aware of seven. The vast majority of these cows moved to other milking strings, mostly into Idaho. Culling rates remain on the light side. Light rain and snow at higher elevations are common over northern Utah and southern Idaho. Milk production is strong. Heifer prices in the region are very strong. Herds are still sought to fill stalls in expanded facilities. Contacts expect that by spring the demand may slow down somewhat as fewer expansions are on the drawing boards for this winter.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/26/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a steady market. Movement into government programs is alleviating supply increases as producers divert milk volumes away from cheese. Some new producers are adding to the lot of handlers offering to the government. Commercial movement is generally steady. Milk production increases in the South are encouraging heavier drying schedules. However, production is at less than capacity with some plants continuing to operate off of current stocks. High heat and Grade A interest is strong. Production of high heat is light and short of buyer needs. Off grade and aged product is reportedly available at prices below the range.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0400 MOSTLY: 1.0150 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices remain unchanged and nominal on a steady to firm market. Many plants are not drying buttermilk, encouraging less than adequate supplies. Condensed is clearing well on regular contracts. Production of dry buttermilk is generally steady and in balance to sometimes short of contractual needs. Surplus cream is expected to become available near the Thanksgiving holiday, encouraging butter and buttermilk production. Off grade, aged and buttermilk product supplies are light for the fair to good interest.

BUTTERMILK: .9825 - 1.0300

DRY WHEY - CENTRAL

Prices are higher on a steady to firm market. Producers are reporting tight supplies due to production decreases with reduced cheese output and lower milk volumes as some farmers exit the industry. Buyers are somewhat surprised by the price increases and anticipating a market reversal within a month. While milk volumes are reaching seasonal lows, plenty of milk is available. Buyers cannot foresee much milk being diverted away from cheese operations. Interest is mixed although generally better than last week. Export activity continues to keep supplies in check. Condensed availability varies depending on location.

NONHYGROSCOPIC: .1750 - .2000 MOSTLY: .1800 - .1850

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher on a mostly steady market. As the Extra Grade market tightens, milk replacer and roller ground are also showing signs of strength. Supply availability is down compared to last week, encouraging some plants to offer at higher prices or hold prices firm at the current level. Delactose demand is strong, especially into the food sector for holiday cold pack cheese demand. Feed buyers are reportedly requesting additional product and finding extra supplies somewhat tight. Production of delactose is generally unchanged. Barrows, gilts and lean hog prices are trending lower while early weaned pig prices are steady to higher. The North Central veal market is unsettled with weak undertones.

MILK REPLACER:	.1450 - .1650
ROLLER GROUND:	.1650 - .1850
DELACTOSE (Min. 20% protein):	.3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady market. While some producers are finding it difficult to market lactose at the average, others speculate that this is a market bottom and anticipate higher prices into the first quarter. Production is generally unchanged. Inventories are mixed with some plants holding a few extra loads and others shorting customer needs. Inquiries from Asia are heavy. Export markets are bidding lower and meeting resistance from domestic suppliers. Movement on 200 mesh is strong with some reported contracts for the fourth quarter settling at .2000 - .2200. Off grade product is in better balance than previous weeks with the exception of some very poor quality product at single digit prices.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1450 - .2100 MOSTLY: .1600 - .1700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a generally steady market. Feed buyers continue to express angst over the current price of WPC. While some feed buyers anticipated prices to continue to decline, producers are comfortable holding prices at the current level. Trading is light, best into food accounts and export markets. Production is mostly unchanged. Inventories are mixed with some plants running short of supplies and others holding a few extra loads. Imports of WPC are occurring at the average or higher into food accounts. Condensed supplies are mixed. Some plants are turning down condensed requests while others are finding it difficult to clear excess supplies. High protein demand is strong with most suppliers unable to satisfy current interest. Off grade product is available at prices that vary with the quality.

EXTRA GRADE 34% PROTEIN: .7000 - .7625 MOSTLY: .7275 - .7375

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are holding mostly steady. The market tone remains weak in generally light spot trading. There are reports of more direct exporting of NDM developing. The volumes and pricing of these sales are not generally disclosed. A one year extension of the price support program was included in the current Ag Appropriations Bill, which awaits signing. The extension would extend the support program through calendar year 2001. There remain concerns over whether there will be any changes to the tilt between butter/powder. Whether the recent drops in cheese prices below support prices will prevent any changes to the tilt are unclear. Many in the trade express concerns over the effects that a tilt change will have on farm milk prices. Demand for NDM outside of contracts is generally fair. Some interest from other regions is noted, but freight costs are a negating factor. Production levels are holding mostly steady to higher. NDM stocks range from light to moderate and are balanced by offerings to the CCC. For the week of October 16 - 20, net CCC purchases totaled 8.5 million pounds of nonfortified NDM from Western and Midwestern suppliers and 2.5 million pounds of fortified NDM from the West.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.9900 - 1.0225	MOSTLY: 1.0000 - 1.0150
HIGH HEAT:	1.0300 - 1.0750	

DRY BUTTERMILK - WEST

Dry buttermilk prices moved slightly higher this week with slight firmness noted on the market tone. Very little dry buttermilk is available for spot trading. Producers continue to play catch up on past orders that they could not fill in recent weeks. Demand is fair to good for the limited offerings, but not to the extent of aggressively pushing market prices sharply higher. Drying activity is varied, but generally trending upwards where butter production has increased. Stocks are light.

BUTTERMILK: .9500 - .9900 MOSTLY: .9500 - .9700

DRY WHEY - WEST

No price changes are noted for Western whey powder. Stock levels are generally noted to be in closer balance than a few weeks ago. Contacts are also noting that whey is strengthening in other regions of the country. Some impact is being felt as some firms move milk out of cheese production into alternatives to improve the bottom line. Domestic sales are steady. Export sales continue to be influenced by currency fluctuations in relation to the dollar.

NONHYGROSCOPIC: .1675 - .1950 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
October 20	$1.0102	10,993,284
October 13	$1.0100	11,029,725

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are generally higher and nominal. Few spot sales are being reported. Most Eastern producers report an excellent demand for condensed skim and they are clearing nearly all their skim as a liquid. Drying schedules are light with most operations running only a few shifts per week. Also limiting drying is the fact that surplus milk volumes remains tight. However, less Grade A milk was shipped to the Southeast this week. This provided some additional milk to the shipping plants, but the good call for condensed skim kept most of it out of the dryers. Demand for NDM is fair and more West Coast powder is being purchased and shipped to local buyers. Some producers are supplementing their own output with Western powder. Plant stocks are light. The Ag Appropriations Bill has been sent to the White House for signing. The bill, if signed, will extend the dairy support program through 2001.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:	
LOW/MEDIUM HEAT:	1.0500 - 1.0800 MOSTLY: 1.0600 - 1.0650
HIGH HEAT:	1.1000 - 1.1150 MOSTLY: 1.1100 - 1.1150
DELVD SOUTHEAST:	
ALL HEATS:	1.0400 - 1.1350

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are in a very narrow range and nominal. Most Eastern producers are asking the same price for any dry buttermilk that may be available for spot sale. This is due, in part, to the marketing agency currently in place. Other producers have matched that price. Regardless of price, there is little available for spot sale. Production levels are light and mirrors churning activity. Some resales are occurring, but supplies in this channel of the market are tight. Availability in other regions is also tight.

F.O.B. NORTHEAST:	.9700 - .9800
DELVD SOUTHEAST:	.9700 - 1.0000

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production remains light and often geared to meeting contracts. Surplus milk volumes are light in the eastern half of the country. Producer stocks are light and closely balanced. Spot demand slow to fair.

F.O.B. PRODUCING PLANT:	1.2075 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH OCTOBER 20, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	12,750	MT (28,108,650 LBS)
CHEESE	--	3,030	MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady to fractionally higher. The market tone remains firm as most Eastern producers have little or no product to offer. Some producers are taking orders for delivery 2-6 weeks in the future. Production levels continue light as surplus milk supplies are tight and cheese making schedules are adjusted accordingly. Some plants are still operating on normal schedules while others are diverting milk to other uses and have little or no output. Contacts report a rather "quiet" week after good interest and many inquiries last week. Despite the lighter production levels and tight supply, there does not seem to be a big surge of buying on the part of traders, speculators, or users.

F.O.B. NORTHEAST:	EXTRA GRADE	.1825 - .1950
	USPH GRADE A	.1900 - .2050
DELVD SOUTHEAST:		.2150 - .2250

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is improved along seasonal patterns as retailers take on stocks for anticipated Thanksgiving promotions. Producer shipping schedules are up accordingly. Production levels are light to moderate depending on the availability of surplus milk in various areas of the country. Plant stocks are adequate to meet the seasonal needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices remain firm. There are mixed reports as to inventories and availability. Some domestic buyers are being asked if they would forego some or all of their upcoming deliveries, while others report spot offerings being made available to them. Reports indicate that imports, through midyear, were running over 10% heavier than the same period last year, thus some domestic buyers are questioning where the product is, knowing that their usage has not increased that much.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE ANDQUALITY.

RENNET:	2.2500 - 2.3500
ACID:	2.3000 - 2.4500

CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	10/11	10/12	10/13	10/16	10/17	10/18	10/19	10/20	10/23	10/24
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.										
OCT 00	10.05 (1721) 19	10.11 (1721) 0	10.12 (1738) 41	10.00 (1739) 1	10.05 (1739) 6	10.09 (1754) 83	10.01 (1744) 15	10.07 (1744) 7	10.10 (1744) 0	10.10 (1745) 1
NOV 00	9.40 (1207) 23	9.50 (1214) 10	9.50 (1218) 44	9.45 (1226) 9	9.47 (1217) 26	9.48 (1220) 15	9.45 (1228) 15	9.20 (1222) 14	9.23 (1232) 23	9.20 (1235) 6
DEC 00	9.50 (1056) 44	9.60 (1064) 10	9.60 (1064) 5	9.65 (1058) 0	9.61 (1060) 1	9.63 (1064) 19	9.65 (1073) 91	9.52 (1080) 11	9.50 (1086) 6	9.45 (1087) 7
JAN 01	9.89 (616) 33	10.00 (618) 14	10.00 (618) 21	10.00 (615) 0	10.00 (614) 0	10.00 (608) 6	10.00 (609) 27	9.90 (611) 2	9.90 (610) 18	9.90 (619) 9
FEB 01	9.88 (604) 13	10.10 (610) 7	10.00 (612) 2	10.00 (614) 2	10.02 (614) 0	10.02 (614) 0	10.01 (619) 25	9.90 (623) 5	9.88 (633) 11	9.85 (633) 7
MAR 01	9.94 (517) 24	10.00 (519) 7	10.00 (515) 10	10.00 (517) 2	10.02 (517) 0	10.02 (517) 0	10.01 (517) 5	9.95 (519) 2	9.95 (524) 6	9.90 (524) 3
APR 01	9.90 (391) 24	10.00 (393) 3	10.00 (399) 45	10.03 (399) 0	10.03 (402) 49	9.95 (402) 0	9.95 (444) 49	9.90 (431) 18	9.91 (435) 10	9.85 (435) 1
MAY 01	9.90 (514) 4	9.97 (514) 0	10.00 (528) 48	10.05 (527) 24	10.05 (530) 25	10.01 (537) 7	10.02 (541) 68	9.96 (544) 3	9.96 (547) 9	9.91 (547) 2
JUN 01	10.20 (262) 0	10.30 (263) 1	10.31 (265) 2	10.36 (265) 0	10.36 (265) 0	10.36 (272) 9	10.38 (276) 6	10.40 (276) 0	10.40 (283) 7	10.30 (285) 5
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
OCT 00	11.56 (322) 0	11.56 (322) 0	11.61 (322) 2	11.72 (322) 0	11.72 (322) 0	11.76 (322) 0	11.76 (322) 0	11.76 (320) 2	11.78 (320) 0	11.78 (320) 0
NOV 00	11.54 (344) 0	11.54 (344) 0	11.54 (347) 3	11.55 (347) 0	11.55 (347) 0	11.55 (347) 0	11.55 (347) 0	11.55 (348) 1	11.60 (349) 1	11.60 (349) 0
DEC 00	11.30 (268) 0	11.30 (268) 0	11.25 (268) 0	11.25 (268) 0	11.25 (268) 0	11.25 (268) 0	11.25 (273) 25	11.24 (273) 0	11.24 (273) 0	11.24 (273) 0
JAN 01	10.85 (93) 0	10.85 (93) 1	10.80 (93) 0	10.80 (93) 0	10.80 (93) 0	10.80 (93) 0	10.80 (93) 0	10.80 (93) 0	10.80 (93) 0	10.80 (93) 0
FEB 01	10.88 (89) 0	10.88 (89) 0	10.83 (89) 0	10.83 (89) 0	10.83 (89) 0	10.83 (89) 0	10.83 (89) 0	10.83 (89) 0	10.83 (89) 0	10.83 (89) 0
MAR 01	11.00 (71) 0	11.00 (70) 0	10.90 (70) 0	10.90 (73) 4	11.05 (73) 0	11.05 (73) 0	11.05 (73) 0	11.05 (73) 0	11.05 (73) 0	11.05 (73) 0
APR 01	10.93 (65) 0	10.93 (65) 1	10.93 (66) 1	10.93 (66) 0	10.94 (66) 0	10.94 (66) 0	10.94 (66) 0	10.94 (66) 0	10.94 (66) 0	10.94 (66) 0
MAY 01	11.10 (125) 0	11.10 (125) 0	11.10 (125) 0	11.10 (125) 0	11.10 (125) 0	11.10 (126) 1	11.10 (126) 0	11.10 (126) 0	11.10 (126) 0	11.10 (126) 0
JUN 01	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0	11.40 (91) 0
JUL 01	11.70 (105) 0	11.70 (105) 0	11.70 (105) 0	11.70 (105) 0	11.70 (105) 0	11.70 (105) 0	11.70 (106) 1	11.65 (106) 3	11.65 (106) 0	11.67 (106) 0
CME - BUTTER FUTURES -- Cents per pound										
OCT 00	109.00 (13) 0	109.00 (14) 1	109.00 (14) 0	109.00 (15) 1	112.00 (13) 2	113.00 (9) 2	113.50 (6) 7	112.00 (6) 0		
MAR 01	101.00 (23) 0	101.00 (23) 0	101.00 (23) 0	101.00 (24) 1	100.00 (24) 0	100.00 (24) 0	100.00 (24) 0	100.00 (26) 2	102.00 (26) 0	102.00 (27) 3
MAY 01	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.50 (4) 0	105.00 (4) 0	105.00 (4) 0	105.00 (4) 0
JUL 01	109.00 (6) 2	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0	109.00 (6) 0
NYBOT - MILK INDEX -- Dollars per cwt.										
OCT 00	10.00 (48) 0	10.00 (48) 0	10.15 (48) 0	10.05 (48) 0	10.05 (48) 0	10.05 (48) 0	10.00 (48) 0	10.10 (48) 0	10.05 (48) 0	10.10 (48) 0
NOV 00	9.45 (33) 0	9.45 (33) 0	9.50 (33) 0	9.50 (33) 0	9.50 (33) 0	9.50 (33) 0	9.50 (33) 0	9.25 (33) 0	9.20 (33) 0	9.20 (33) 0
DEC 00	9.55 (17) 0	9.55 (17) 0	9.65 (17) 0	9.65 (17) 0	9.65 (17) 0	9.65 (17) 0	9.65 (17) 0	9.50 (17) 0	9.50 (17) 0	9.50 (17) 0
JAN 01	9.90 (3) 0	9.90 (3) 0	10.00 (3) 0	10.00 (3) 0	10.00 (3) 0	10.00 (3) 0	10.00 (3) 0	10.00 (3) 0	9.90 (3) 0	9.90 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.
For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered October 16 - 27, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: European milk production continues to bounce around at seasonal low levels. Some milk handlers are reporting slightly heavier milk receipts from various regions while others report continued seasonal declines. In most all instances, milk volumes are at seasonal low levels, thus manufacturing is also seasonally light. For those plants that can, the late season milk volume is being directed towards cheese production. Stocks of manufactured dairy products in Europe are in close balance and, for the most part, fully committed. Some minimal, late season, stocks are reported to be available, but insignificant in relationship to overall demand. Some European producers and handlers are reporting that buyers are already trying, and in instances securing commitments from producers for 2001 skim milk powder production. With European milk controls in place and cheese production increasing annually, buyers are aware that milk volumes for other manufactured dairy products will be lighter thus further limiting European powder availability. Those buyers that are already locking into contracts for the new year are realizing higher than desired prices, but know that they will have a source of supply.

BUTTER/BUTTEROIL: European butter and butteroil markets are firm. Prices are basically unchanged, but firm within the reported ranges. Stocks of European butter and butteroil are reported to be in close balance and what stocks are available are being absorbed by internal and international markets. Some small lots are clearing to Russia, but not to the extent of past years. Most European producers and handlers do not anticipate significant sales to develop to Russia during the coming winter months.

82% BUTTERFAT:	1,450 - 1,560
99% BUTTERFAT:	1,450 - 1,650

SKIM MILK POWDER (SMP): Skim milk powder markets and prices remain firm. Stocks of European skim powder are limited. Contacts are reporting that some buyers are already trying, and in instances securing commitments from European producers for next season's production. Commitments that are being finalized are at higher prices than most buyers desire to pay, although availability and knowing that they have secured a source is the important factor at this time.

1.25% BUTTERFAT:	2,100 - 2,350

WHOLE MILK POWDER (WMP): Whole milk powder markets remain firm. Stocks of powder are limited and are not expected to change until the new milk production season resumes in 2001 at the earliest. International buying interest is active as many buyers are looking to whole milk, knowing the tight skim milk supply situation.

26% BUTTERFAT:	1,900 - 2,150

SWEET WHEY POWDER: European whey markets are steady to firm. Recent tightness in the European skim milk powder markets for animal feed is causing some buyers to look at whey as an alternative. This improved internal demand, along with continued international buyer interest is keeping European whey stocks in close balance. Although cheese production is quite active for this late in the season, available whey stocks are limited.

NONHYGROSCOPIC:	500 - 600

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe remains seasonally low. Production trailed the previous year all year long and projections for next season are not much improved. Producers and handlers continue to report light inventories of manufactured dairy products. This past production season did not generate the volume of stocks that this region of Europe had previously been accustomed to, thus sales outside of their internal markets were not as large. Producers and handlers feel that this trend will probably occur during the upcoming season also and stock availability for international markets will again be lighter than buyers desire.

OCEANIA

OVERVIEW: Milk production trends in both New Zealand and Australia continue to climb seasonally. In both countries, milk output is nearing the seasonal peak. Milk handlers are stating, that for the most part, milk production will probably attain peak levels within the next two weeks. Up to this point, milk output in New Zealand has been favorable with last season and reports indicate that production is running 1 - 2% above last year. In Australia, conditions are much the same and milk output is running about 5% ahead of last season. Australian milk handlers are reporting that this spring has been wet and seasonal production probably did not attain the levels anticipated, although they also state that the downside from the seasonal high might not decline as rapidly. Strong milk production in both Australia and New Zealand is generating heavy volumes of milk, although surplus dairy products are not being reported. In many instances, Oceania producers and handlers have committed a large percentage of their current season milk output. Not necessarily is the product sold, but much of the season's potential is being earmarked for current and future deliveries. In most instances, Oceania traders are meeting the needs of regular/ongoing customers. New international buyer interest is active, but no significant new sales are being reported from the Oceania region. Skim milk powder demand continues to be active. International buyers indicate that their needs were not fully filled from European sources and minimal volumes are being reported from the U.S. within and outside of DEIP. Due to these two factors, many buyers were awaiting Oceania's new production season to bail them out, but most are finding surplus products also limited from this region.

BUTTER: Oceania butter markets are firm with prices unchanged to higher. Demand for butterfat is quite active. Limited supply in Europe is causing buyers to look to Oceania for needed supplies. In most instances, Oceania stocks are fully committed to regular/ongoing customers with minimal volumes available for spot buyer interest. Some Russian buyer interest is being reported but not as significant as past years. Middle Eastern oil producing countries are also active in the market.

82% BUTTERFAT:	1,350 - 1,400

CHEDDAR CHEESE: Oceania cheese markets are generally steady. Stocks of cheese are reported to be in balance for regular customer needs with additional volumes limited. Some Oceania producers and handlers indicate that buying patterns for regular customers are lighter in comparison to previous years, where as others indicate stronger sales.

39% MAXIMUM MOISTURE:	1,900 - 1,950

SKIM MILK POWDER (SMP): Oceania skim milk powder markets remain firm at basically unchanged prices. Stocks of powder are reported to be in close balance and, for the most part, fully committed. Most trading activity continues to center around regular customer needs. Producers and handlers report that new sales are not overly active, although demand remains strong. They speculate that current firm prices and limited supplies may be causing some buyers to look at alternatives.

1.25% BUTTERFAT:	2,200 - 2,250

WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to firm. Stocks of powder are reported to be in close balance with most fully committed to current and ongoing buyer needs. Demand for whole milk powder is reported to be quite active. Producers and handlers feel that with whole milk prices at current levels, buyers might be more interested in whole milk versus skim milk powder which is running around $200 a ton more. Buyers from the Middle East, oil producing countries, are active in the market at this time.

26% BUTTERFAT:	1,950 - 2,050

Exchange rates for selected foreign currencies: OCTOBER 23, 2000

.3792 Dutch Guilder	.4272 German Mark
.1274 French Franc	.4007 New Zealand Dollar
.1043 Mexican Peso	.5263 Australian Dollar
1.4515 British Pound	.0092 Japanese Yen
.2125 Polish Zloty	.8356 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1043) = 9.5877
That is 1 US Dollar equals 9.5877 Mexican Pesos.
Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

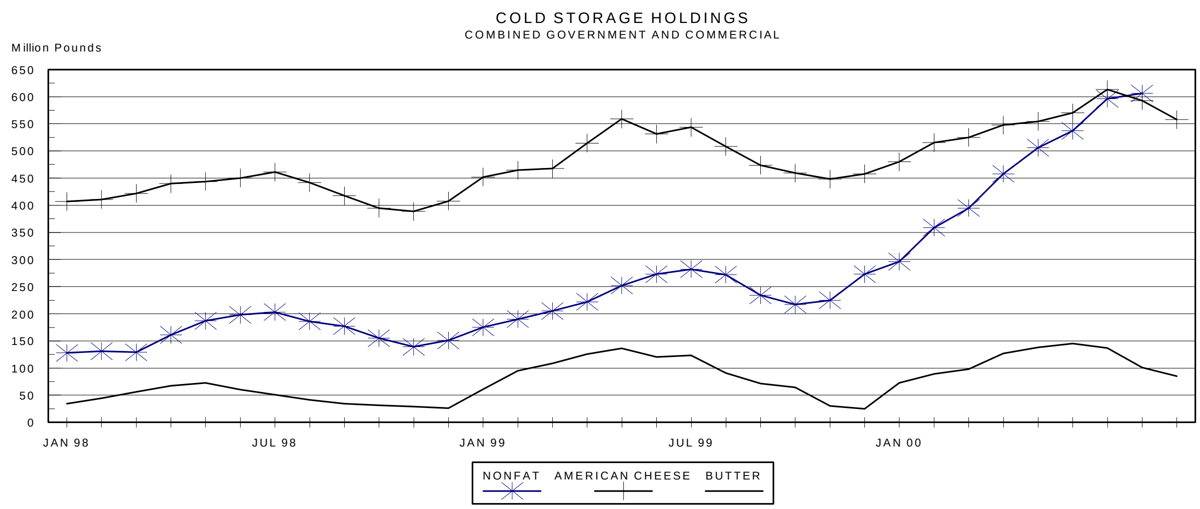
U. S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	AUG 31, 1998	AUG 31, 1999	REVISED AUG 31, 2000	SEP 30, 1998	SEP 30, 1999	SEP 30, 2000
Butter	41,070	90,728	101,180	34,077	71,473	84,812
Cheese, Natural American	441,605	508,305	592,836	417,489	473,639	557,617
Cheese, Swiss	11,560	9,919	6,145	12,741	10,483	7,929
Cheese, Other Natural	123,603	176,473	201,034	122,765	167,148	170,213
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	216	258	388	169	214	375
Natural American Cheese	209	50	402	172	9	607

SEPTEMBER COLD STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter*			Other Natural Cheese		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
New England	22,693	25,765	20,875	---	---	---	364	559	900
Middle Atlantic	39,161	41,574	53,362	---	---	---	11,513	11,954	9,438
East North Central	217,846	227,192	281,100	---	---	---	101,719	90,894	76,215
West North Central	65,752	106,284	111,527	---	---	---	2,330	53,486	72,587
South Atlantic	602	631	5,342	---	---	---	635	1,280	679
East South Central	210	0	0	---	---	---	1,911	150	170
West South Central	283	259	492	---	---	---	243	205	673
Mountain	17,218	10,459	8,782	---	---	---	765	468	1,287
Pacific	53,724	61,475	76,137	---	---	---	3,285	8,152	8,264
TOTAL	417,489	473,639	557,617	34,077	71,473	84,812	122,765	167,148	170,213

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1999 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Million Pounds						Million Pounds						Million Pounds					
January	73	61	73	61	3/	3/	480	452	480	452	3/	3/	296	175	146	82	150	93
February	89	95	89	95	3/	3/	515	465	515	465	3/	3/	359	190	173	108	186	82
March	98	108	97	108	3/	3/	525	468	525	468	3/	3/	395	205	168	123	227	83
April	127	126	127	125	3/	3/	548	514	548	514	3/	3/	458	222	197	136	260	86
May	138	137	138	136	3/	3/	555	559	555	559	3/	3/	506	252	197	164	309	88
June	145	121	144	120	3/	3/	570	531	570	531	3/	3/	537	273	171	158	366	114
July	137	124	136	123	3/	3/	613	544	613	544	3/	3/	596	282	190	141	406	141
August	101	91	101	90	3/	3/	593	508	592	508	3/	3/	606	272	151	101	454	171
September	85	71	84	71	3/	3/	558	474	557	474	1	3/		234		87		147
October		64		64		3/		459		459		3/		217		84		133
November		30		30		3/		448		448		3/		225		87		138
December		25		25		3/		458		458		3/		273		139		134

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Aug 31, 1998	Aug 31, 1999	Aug 31, 2000	Sep 30, 1998	Sep 30, 1999	Sep 30, 2000
	Thousand Pounds					
Butter	40,854	90,470	100,792	33,908	71,259	84,437
Natural American Cheese	441,396	508,255	592,434	417,317	473,630	557,010

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (10-00) and "Dairy Products," Da 2-6 (10-00), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Class I Base Price -- Under the Federal milk order pricing system, the Class I base price for November 2000 is $11.82 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of $7.74 and the advanced butterfat pricing factor of $1.2435. Class I differentials specific to each order are added to the base price to determine the Class I price.
Class II Price Information -- The advanced Class IV skim milk pricing factor is $7.74. Thus, the Class II skim milk price for November is $8.44 per cwt., and the Class II nonfat solids price is $0.9378. **Product Price Averages** -- The two-week product price averages for November are; butter $1.1337, nonfat dry milk $1.0143, cheese $1.2012, and dry whey $0.1820.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/

Federal Milk Order Marketing Area 3/	Order Number	November 2000		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		$ per cwt.	$ per cwt.	$ per pound
Northeast (Boston) 4/	001	15.07	10.99	1.2760
Appalachian (Charlotte) 5/	005	14.92	10.84	1.2745
Southeast (Atlanta) 6/	007	14.92	10.84	1.2745
Florida (Tampa) 7/	006	15.82	11.74	1.2835
Mideast (Cleveland) 8/	033	13.82	9.74	1.2635
Upper Midwest (Chicago) 9/	030	13.62	9.54	1.2615
Central (Kansas City) 10/	032	13.82	9.74	1.2635
Southwest (Dallas) 11/	126	14.82	10.74	1.2735
Arizona-Las Vegas (Phoenix) 12/	131	14.17	10.09	1.2670
Western (Salt Lake City) 13/	135	13.72	9.64	1.2625
Pacific Northwest (Seattle) 14/	124	13.72	9.64	1.2625
All-Market Average		14.40	10.32	1.2693

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are principal pricing points of markets. 4/ Class I prices at other points are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25; and Washington, DC, minus $0.25. 5/ Class I prices at other points are: Knoxville, minus $0.30 and Louisville, minus $0.90. 6/ Class I prices at other points are: New Orleans; plus $0.50; Memphis, minus $0.30; Nashville, minus $0.50; and Springfield, Mo., minus $0.90. 7/ Class I prices at other points are: Orlando, same; Miami, plus $0.30; and Jacksonville, minus $0.30. 8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20. 9/ Class I prices at other points are: Milwaukee, minus 0.05; and Minneapolis, minus, $0.10. 10/ Class I prices at other points are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus $0.55. 11/ Class I prices at other points are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75. 12/ Class I price at Las Vegas is minus $0.35. 13/ Class I price at Boise is minus $0.30. 14/ Class I prices at other points are: Portland, same; and Spokane, same.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
JUL 2000	168.1	2.6	160.5	3.1	158.9	6.9	161.4	1.3	137.8	-6.7	155.8	5.8
AUG 2000	168.7	2.7	161.0	2.9	158.7	6.2	162.9	0.1	138.5	-6.9	156.8	5.6
SEPT 2000	168.9	2.6	161.6	1.8	158.7	3.9	162.9	-1.0	136.9	-5-5	156.9	5.2

U.S. City Average Retail Prices

Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Dollars											
JULY	2.781	2.706	2.666	2.628	2.718	2.670	3.628	3.736	3.823	3.603	3.461	3.238
AUGUST	2.807	2.719	2.696	2.624	2.686	2.722	3.649	3.866	3.947	3.763	3.542	3.250
SEPTEMBER	2.809	2.794	2.697	2.725	2.595	2.628	3.650	3.884	3.876	3.808	3.586	3.280

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS- JUNE-AUGUST AND YEAR-TO-DATE 1999-2000 1/

Item	Jun.-Aug. 1999	Percent change 4/	Jun.-Aug. 2000	Percent change 4/	Jan.-Aug. 1999	Percent change 4/	Jan.-Aug. 2000	Percent change 4/
	Million Pounds							
MILK								
Production	40,436	2.7	42,029	3.9	109,341	3.1	113,785	3.6
Marketings	40,091	2.7	41,695	4.0	108,430	3.2	112,898	3.7
Beginning Commercial Stocks 2/	9,669	42.4	9,884	2.2	5,274	7.9	6,135	16.3
Imports 2/	1,258	-18.7	1,331	5.8	3,068	8.3	3,053	-0.5
Total Supply 3/	51,018	7.7	52,910	3.7	116,772	3.5	122,086	4.2
Ending Commercial Stocks 2/	8,263	33.6	9,446	14.3	8,263	33.6	9,446	14.3
Net Removals 2/	63	46.5	179	184.1	191	-36.8	636	233.0
Commercial Disappearance 3/	42,692	3.8	43,285	1.4	108,318	1.9	112,004	3.0
SELECTED PRODUCTS 5/								
Butter	318.8	12.5	318.2	-0.2	820.7	3.3	828.3	0.4
American Cheese	946.8	14.5	909.4	-4.0	2,333.6	5.4	2,402.7	2.6
Other Cheese	1,164.4	6.5	1,228.8	5.5	2,976.4	4.3	3,218.4	7.7
Nonfat Dry Milk	208.8	0.0	248.3	18.9	543.9	-5.0	503.6	-7.7
Fluid Milk Products 6/	13,517.3	0.9	13,390.3	-0.9	36,768.9	1.0	36,617.7	-0.8

NA = Not available.
1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 23 - 27, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/00	SAME PERIOD LAST YEAR	PERIOD ENDING 10/20/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	316,800	-0-	316,800	396,000	-0-	-0-	-0-
TOTAL	316,800	-0-	316,800	396,000	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	6,859,178	347,214	6,511,964	30,609,471	4,783,508	-0-	-0-
Fortified	1,953,178	-0-	1,953,178	5,335,936	528,992	-0-	-0-
TOTAL	8,812,356	347,214	8,465,142	35,945,407	5,312,500	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 23 - 27, 2000 =	4.8	101.7
CUMULATIVE SINCE OCTOBER 1, 2000 =	11.6	422.3
CUMULATIVE JANUARY 1 - OCTOBER 27, 2000 =	172.2	5,601.4

	MILKFAT* BASIS	SKIM** SOLIDS
COMPARABLE WEEK IN 1999 =	0.0	-0.2
CUMULATIVE SAME PERIOD LAST YEAR =	1.2	61.8
COMPARABLE CALENDAR YEAR 1999 =	42.1	2,226.4

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 23 - 27, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	316,800	254,595	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,257,369	1,953,178
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/00 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
MIDWEST	-0-	-0-	396,000	-0-	955,886	-0-	33.4	0.0
WEST	-0-	-0-	-0-	-0-	34,989,521	5,312,500	66.6	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	396,000	-0-	35,945,407	5,312,500	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - $9.90 per cwt.; 3.5% - $9.80

DOLLARS PER POUND

BUTTER: Bulk $.6680; 1# Prints $.6980

CHEESE: 40 & 60# Blocks $1.1220; 500# Barrels $1.0920; Process American 5# $1.1745; Process American 2# $1.2145

NONFAT DRY MILK: Nonfortified $1.0100; Fortified $1.0200; Instant $1.1675

Dairy & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 10/07/00 & Comparable Week 1999

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL: WEEK	U.S. TOTAL: SINCE JAN 1	% DAIRY OF ALL: WEEK	% DAIRY OF ALL: SINCE JAN 1
2000-Dairy cows HD (000)	0.2	1.0	6.4	4.4	22.0	2.2	0.9	0.8	11.7	2.6	52.2	2,026.7	47.6	48.7
1999-Dairy cows HD (000)	0.2	1.1	7.0	5.6	18.4	2.4	3.1	0.6	10.4	2.4	51.3	1,991.7	44.9	46.1
2000-All cows HD (000)	0.2	1.2	8.8	13.4	29.5	17.5	13.6	4.6	14.7	6.1	109.6	4,157.8		
1999-All cows HD (000)	0.3	1.3	9.8	14.5	25.3	19.1	19.3	3.9	13.6	7.2	114.2	4,318.9		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP),(3.5% BF, $/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84	11.89	11.82	
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56	12.58			
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76			
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87	11.94			

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm